

June 26, 2015

To our Development Partners:

I wanted to take this opportunity to update you on the recent Supreme Court decision and its impact on the City's Inclusionary Housing Ordinance.

By way of background, on January 12, 2010, the City Council approved the Citywide Inclusionary Housing Ordinance which requires that 15 percent of all new market rate for-sale developments of 20 or more homes be price-restricted and sold to moderate-income purchasers.

Under the Ordinance, developers may satisfy their Inclusionary Housing Requirement by providing affordable homes in their projects, paying in-lieu fees, dedicating developable land and/or purchasing surplus inclusionary homes from other developers.

The Citywide Inclusionary Housing Ordinance was scheduled to take effect on January 1, 2013, but implementation was prevented by an injunction imposed by the Santa Clara County Superior Court, as a result of a challenge by the California Building Industry Association, in *California Building Industry Association v. City of San José*. On appeal that injunction was overturned, but the appellate court's decision was taken up on review by the California Supreme Court. On June 15, 2015, the California Supreme Court issued an opinion affirming the decision of the court of appeal and upholding the City's Inclusionary Housing Ordinance. The Supreme Court's decision becomes final on July 15, 2015. Once it is final, the injunction is dissolved and the City may begin to enforce the Inclusionary Housing Ordinance.

Next Steps

When the 30-day waiting period concludes and the Court's decision becomes final, the Housing Department will provide an update on the actions to be taken to implement the Inclusionary Housing Ordinance.

If you have any questions about the City's Inclusionary Housing Ordinance, I encourage you to contact Patrick Heisinger in the Housing Department at (408) 975-2647 or by email at Patrick.Heisinger@sanjoseca.gov.

Sincerely,

/s/

Jacky Morales-Ferrand
Interim Director of Housing